



Montana Environmental Trust Group LLC,
Trustee of the Montana Environmental Custodial Trust
By Greenfield Environmental Trust Group, Inc., Member
P.O. Box 1189 Helena, Montana 59624
Telephone: (406)457-2142
Email: ir@g-etg.com

July 8, 2016

By Electronic Mail

For the State of Montana

Jenny Chambers/Russ Rowsey
Department of Environmental Quality

Harley Harris
Montana Department of Justice

For the United States

Alan Tenenbaum/Elliot Rockler
Environmental Enforcement Section
Environment & Natural Resources Div.
U. S. Department of Justice

Chuck Figur
Senior Attorney
US EPA Region 8 (ENF-L)

Deb Thomas
Deputy Regional Administrator
US EPA Region 8—Montana Office

Dana Jacobsen
Department of the Interior
Office of the Solicitor

Amy L. Horner
Department of the Interior
Environmental Restoration Branch
Division of Parks and Wildlife
Office of the Solicitor

Robert Kirkpatrick
Deputy Director, Engineering, Fleet,
Geospatial Services & Sustainable
Operations
USDA Forest Service

Subject: First Quarter 2016 Financial Statements

Dear Ladies and Gentlemen:

As Trustee for the Montana Environmental Custodial Trust (the Custodial Trust), Montana Environmental Trust Group LLC, hereby submits the attached financial statements for the following Custodial Trust Accounts to the beneficiaries of the Custodial Trust:

- (1) The Custodial Trust Administrative Account;
- (2) The East Helena Cleanup Account;
- (3) The Mike Horse/Upper Blackfoot Mining Complex Cleanup Account;
- (4) The Black Pine Cleanup Account; and
- (5) The Iron Mountain Cleanup Account

The attached financial statements cover the quarter and period ending March 31, 2016 and are submitted pursuant to the Custodial Trust's obligations under ¶6.1 of the Environmental Custodial Trust Agreement (Attachment D to the Consent Decree and Settlement Agreement Regarding the Montana Sites).

Page 2
July 8, 2016
First Quarter 2016 Financial Statements

Please do not hesitate to contact me or Cindy Brooks with any questions pertaining to the attached.

Sincerely,

Montana Environmental Trust Group, LLC
Trustee of the Montana Environmental Custodial Trust
By: Greenfield Environmental Trust Group, Inc., Member

A handwritten signature in blue ink that reads "Jen Roberts, CPA". The signature is written in a cursive, flowing style.

Name: Jennifer Roberts
Title: Financial Affairs Manager

Enclosure

cc: Betsy Burns—EPA-8
Cynthia Brooks—Greenfield
Joel Chavez – MDEQ
Lauri Gorton—Greenfield
Denise Martin – MDEQ
Nathan McCarthy— Wipfli
Melody McDonough – Greenfield
Justin Mosness—Wipfli
Daryl Reed – MDEQ
Robert Roll – MDEQ
Joe Vranka—EPA-8
Marc Weinreich—Greenfield



Wipfli LLP
P.O. Box 1699
Helena, MT 59624
910 North Last Chance Gulch
Helena, MT 59601
406.442.5520
fax 406.443.1017
www.wipfli.com

Accountant's Compilation Report

To the Trustees and Beneficiaries
Montana Environmental Trust Group LLC
Trustee for the Montana Environmental Custodial Trust
Helena, MT

The Trustees are responsible for the accompanying financial statements of; the Custodial Trust Administrative Account, the East Helena Cleanup Account, the Mike Horse/Upper Blackfoot Complex Cleanup Account, the Black Pine Cleanup Account and the Iron Mountain Cleanup Account (collectively the Custodial Trust), which comprise the statement of financial position—prescribed format basis as of March 31, 2016, and the related statements of activities—prescribed format basis for the quarter and year then ended and for determining that the prescribed format basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by the trustees. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the prescribed format basis of accounting in accordance with the requirements of the Custodial Trust's obligations under ¶6.1 of the Environmental Custodial Trust Agreement (Attachment D to the Consent Decree and Settlement Agreement Regarding the Montana Sites), which is a basis of accounting other than accounting principles generally accepted in the United States.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the prescribed format basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Custodial Trust's assets, liabilities, net assets, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The Black Pine Mine Custodial Trust Expense Tracking and East Helena Clean-Up Account 2015/2016 Construction Budget supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of the trustees. The information was subject to our compilation engagements; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Wipfli LLP

Wipfli LLP
June 30, 2016
Helena, MT

Montana Environmental Custodial Trust
Custodial Trust Administrative Account

STATEMENT OF FINANCIAL POSITION

As of March 31, 2016

ASSETS

Current assets

| | |
|-----------------------------|-----------------|
| Cash, First Interstate Bank | \$ 56,315.88 |
| Due from other cost centers | <u>3,118.08</u> |
| Total current assets | 59,433.96 |

Investments, Pershing Advisory Solutions

6,332,045.42

Total assets

\$ 6,391,479.38

LIABILITIES AND NET ASSETS

| | |
|---------------------------|--------------|
| Accounts payable | \$ 26,914.38 |
| Due to other cost centers | <u>-</u> |
| | 26,914.38 |

Net assets

6,364,565.00

Total net assets and liabilities

\$ 6,391,479.38

Montana Environmental Custodial Trust
Custodial Trust Administrative Account

STATEMENT OF ACTIVITIES

For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget | Variance | Percentage of Budget |
|------------------------------------|--------------|--------------|--------------------|----------------|-------------------------|
| Revenues: | | | | | |
| Investment income, net of fees | \$ 24,124.42 | \$ 24,124.42 | | | |
| Unrealized gains (losses) | 35,659.23 | 35,659.23 | | | |
| Total revenues (losses) | 59,783.65 | 59,783.65 | | | |
| Expenses: | | | | | |
| 1.A Financial Affairs | | | | | |
| 1.A.1 Outside Financial Services | 6,904.93 | 6,904.93 | \$ 36,000.00 | \$ (29,095.07) | 19.18% |
| 1.C Property Taxes | | | | | |
| 1.C.1 East Helena | 1,299.14 | 1,299.14 | 166,300.00 | (165,000.86) | 0.78% |
| 1.C.2 UBMC-Mike Horse | - | - | 3,500.00 | (3,500.00) | 0.00% |
| 1.C.3 Black Pine | - | - | 7,300.00 | (7,300.00) | 0.00% |
| 1.C.4 Iron Mountain | - | - | 400.00 | (400.00) | 0.00% |
| 1.C Property Taxes Total | 1,299.14 | 1,299.14 | 177,500.00 | (176,200.86) | 0.73% |
| 1.F Site Security | | | | | |
| 1.F.1 East Helena | 2,350.50 | 2,350.50 | 52,900.00 | (50,549.50) | 4.44% |
| 1.F.2 UBMC-Mike Horse | 25,226.25 | 25,226.25 | 53,600.00 | (28,373.75) | 47.06% |
| 1.F.3 Black Pine | 5,349.55 | 5,349.55 | 21,000.00 | (15,650.45) | 25.47% |
| 1.F.4 Iron Mountain | - | - | 1,400.00 | (1,400.00) | 0.00% |
| 1.F Site Security Total | 32,926.30 | 32,926.30 | 128,900.00 | (95,973.70) | 25.54% |
| 1.G Insurance | | | | | |
| 1.G.1 Commercial General Liability | 47,265.00 | 47,265.00 | 54,600.00 | (7,335.00) | 86.57% |
| 1.G.2 Vehicle-Equipment Insurance | - | - | 9,900.00 | (9,900.00) | 0.00% |
| 1.G.3 Property Insurance | 23,456.25 | 23,456.25 | 25,900.00 | (2,443.75) | 90.56% |
| 1.G Insurance Total | 70,721.25 | 70,721.25 | 90,400.00 | (19,678.75) | 78.23% |

Montana Environmental Custodial Trust
Custodial Trust Administrative Account

STATEMENT OF ACTIVITIES

For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget | Variance | Percentage of Budget |
|---|-----------------|-----------------|--------------------|-----------------|-------------------------|
| 1.H Trust Legal Affairs | | | | | |
| 1.H.1 Outside Council | - | - | 3,500.00 | (3,500.00) | 0.00% |
| 1.H.2 Records Segregation Costs | - | - | 1,400.00 | (1,400.00) | 0.00% |
| 1.H.3 GETG Professional Fees | 1,391.25 | 1,391.25 | 4,900.00 | (3,508.75) | 28.39% |
| 1.H.4 Water Rights | 170.00 | 170.00 | 3,200.00 | (3,030.00) | 5.31% |
| 1.H Trust Legal Affairs Total | 1,561.25 | 1,561.25 | 13,000.00 | (11,438.75) | 12.01% |
| 1.I Unpatented Mining Claim Maint. | | | | | |
| 1.I.1 Fees for Unpatented Mining Claims | - | - | 54,900.00 | (54,900.00) | 0.00% |
| 1.K Property Sales | | | | | |
| 1.K.1 East Helena | 12,076.50 | 12,076.50 | 40,900.00 | (28,823.50) | 29.53% |
| 1.K.4 Iron Mountain | - | - | 4,800.00 | (4,800.00) | 0.00% |
| 1.K Property Sales Total | 12,076.50 | 12,076.50 | 45,700.00 | (33,623.50) | 26.43% |
| 1.L Trustee Costs | | | | | |
| 1.L.1 Trustee Fees | 7,408.25 | 7,408.25 | 34,100.00 | (26,691.75) | 21.73% |
| 1.L.2 Trustee Expenses | 137.43 | 137.43 | 2,500.00 | (2,362.57) | 5.50% |
| 1.L Trustee Costs Total | 7,545.68 | 7,545.68 | 36,600.00 | (29,054.32) | 20.62% |
| Total expenses | 133,035.05 | 133,035.05 | 583,000.00 | \$ (449,964.95) | 22.82% |
| Change in net assets | (73,251.40) | (73,251.40) | \$ (583,000.00) | | |
| Net assets, beginning of period | 6,437,816.40 | 6,437,816.40 | | | |
| Net assets, end of period | \$ 6,364,565.00 | \$ 6,364,565.00 | | | |

Montana Environmental Custodial Trust

East Helena Clean-up Account

STATEMENT OF FINANCIAL POSITION

As of March 31, 2016

| ASSETS | |
|--|--------------------------------|
| Current assets | |
| Cash, First Interstate Bank | \$ 836,285.66 |
| Accounts receivable | 6,415.23 |
| Due from other cost centers | - |
| Total current assets | <u>842,700.89</u> |
| Investments, Pershing Advisory Solutions | 60,580,310.43 |
| Total assets | <u><u>\$ 61,423,011.32</u></u> |
| LIABILITIES AND NET ASSETS | |
| Liabilities | |
| Accounts payable | \$ 1,624,601.13 |
| Retention hold-back payable | 419,211.76 |
| Due to other cost centers | 1,966.10 |
| Total current liabilities | <u>2,045,778.99</u> |
| Net assets | 59,377,232.33 |
| Total net assets and liabilities | <u><u>\$ 61,423,011.32</u></u> |

Montana Environmental Custodial Trust
East Helena Clean-up Account
STATEMENT OF ACTIVITIES
For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget* | Variance | Percentage of Budget |
|-------------------------------------|--------------|--------------|---------------------|-----------------|-------------------------|
| Revenues: | | | | | |
| Income | | | | | |
| Agricultural Tenants | \$ 2,085.00 | \$ 2,085.00 | | | |
| Sale of Assets | 500.00 | 500.00 | | | |
| Slag Pile | 88,815.00 | 88,815.00 | | | |
| Income Total | 91,400.00 | 91,400.00 | | | |
| Investment activity, net of fees | (211,553.05) | (211,553.05) | | | |
| Unrealized gains (losses) | 726,402.68 | 726,402.68 | | | |
| Total revenues (losses) | 606,249.63 | 606,249.63 | | | |
| Expenses: | | | | | |
| 2.A · Water Treatment Plant | | | | | |
| 2.A.1 · WTP O&M | 14,902.90 | 14,902.90 | \$ 166,300.00 | \$ (151,397.10) | 8.96% |
| Total 2.A · Water Treatment Plant | 14,902.90 | 14,902.90 | 166,300.00 | (151,397.10) | 8.96% |
| 2.B · General Site Operations | | | | | |
| 2.B.1 · Operations & Maintenance | 29,186.18 | 29,186.18 | 134,500.00 | (105,313.82) | 21.70% |
| 2.B.2 · Office Operations | 69.80 | 69.80 | 13,000.00 | (12,930.20) | 0.54% |
| 2.B.3 · Safety | 726.93 | 726.93 | 33,900.00 | (33,173.07) | 2.14% |
| 2.B.6 · Emergency Response | - | - | 20,000.00 | (20,000.00) | 0.00% |
| 2.B.7 · Site Office | 825.00 | 825.00 | 9,500.00 | (8,675.00) | 8.68% |
| Total 2.B · General Site Operations | 30,807.91 | 30,807.91 | 210,900.00 | (180,092.09) | 14.61% |
| 2.C · Waste Disposal | | | | | |
| 2.C.1 · HDS | - | - | 1,000.00 | (1,000.00) | 0.00% |
| 2.C.2 · Contaminated Debris | - | - | 6,000.00 | (6,000.00) | 0.00% |
| 2.C.3 · Other | 279.20 | 279.20 | 6,300.00 | (6,020.80) | 4.43% |
| Total 2.C · Waste Disposal | 279.20 | 279.20 | 13,300.00 | (13,020.80) | 2.10% |
| 2.D · Slag Pile Reprocessing | - | - | 11,800.00 | (11,800.00) | 0.00% |

Montana Environmental Custodial Trust
East Helena Clean-up Account
STATEMENT OF ACTIVITIES
For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget* | Variance | Percentage of Budget |
|--|----------|----------|---------------------|-------------|-------------------------|
| 2.E · Tenants | | | | | |
| 2.E.4 · Other | - | - | 5,700.00 | (5,700.00) | 0.00% |
| Total 2.E · Tenants | - | - | 5,700.00 | (5,700.00) | 0.00% |
| 2.F · RCRA Compliance | | | | | |
| 2.F.1 · Reporting | - | - | 2,000.00 | (2,000.00) | 0.00% |
| 2.F.2 · Inspections | 511.62 | 511.62 | 2,000.00 | (1,488.38) | 25.58% |
| 2.F.5 · CAMU O&M | 523.25 | 523.25 | 38,400.00 | (37,876.75) | 1.36% |
| 2.F.7 · CAMU Leachate Treatment System | - | - | 34,000.00 | (34,000.00) | 0.00% |
| Total 2.F · RCRA Compliance | 1,034.87 | 1,034.87 | 76,400.00 | (75,365.13) | 1.35% |
| 2.I · Risk Assessment | | | | | |
| 2.I.1 · HHRA | - | - | 25,000.00 | (25,000.00) | 0.00% |
| 2.I.2 · BERA | - | - | 25,000.00 | (25,000.00) | 0.00% |
| Total 2.I · Risk Assessment | - | - | 50,000.00 | (50,000.00) | 0.00% |
| 2.J · RCRA Corrective Action Implementation | | | | | |
| 2.J.1 · South Plant Hydraulic Control IM | | | | | |
| 2.J.1a · SPHC IM Design | - | - | 29,000.00 | (29,000.00) | 0.00% |
| 2.J.1b · SPHC IM Construction | - | - | 15,000.00 | (15,000.00) | 0.00% |
| 2.J.1c · SPHC IM O & M | - | - | 50,000.00 | (50,000.00) | 0.00% |
| 2.J.1 · SPHC IM Design & Construction | - | - | 94,000.00 | (94,000.00) | 0.00% |
| 2.J.2 · ET Cover System IM | | | | | |
| 2.J.2a · ET Cover IM Design | - | - | 26,750.00 | (26,750.00) | 0.00% |
| 2.J.2b · ET Cover IM Construction | - | - | - | - | 0.00% |
| 2.J.2c · ET Cover System O & M | - | - | - | - | 0.00% |
| 2.J.2 · ET Cover IM Design & Construction | - | - | 26,750.00 | (26,750.00) | 0.00% |
| 2.J.3 · Source Removal IM | | | | | |
| 2.J.3a · Source Removal Design | - | - | 50,000.00 | (50,000.00) | 0.00% |
| 2.J.3b · Source Removal Construction | - | - | - | - | 0.00% |
| 2.J.2c · Source Removal O & M | - | - | - | - | 0.00% |
| 2.J.3 · Source Removal Design & Construction | - | - | 50,000.00 | (50,000.00) | 0.00% |

Montana Environmental Custodial Trust
East Helena Clean-up Account
STATEMENT OF ACTIVITIES
For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget* | Variance | Percentage of Budget |
|---|------------|------------|---------------------|----------------|-------------------------|
| 2.J.4 · IM/RCRA Support | | | | | |
| 2.J.4a · IM Work Plan(s) | 9,925.72 | 9,925.72 | 31,500.00 | (21,574.28) | 31.51% |
| 2.J.4b · Corrective Measures Study | 101,496.44 | 101,496.44 | 1,339,700.00 | (1,238,203.56) | 7.58% |
| 2.J.4d · Controlled Groundwater Area | 16,754.30 | 16,754.30 | 628,000.00 | (611,245.70) | 2.67% |
| 2.J.4g · Long-term Planning | 1,312.63 | 1,312.63 | 21,000.00 | (19,687.37) | 6.25% |
| 2.J.4h · Phase II RFI/Soil Characterization | 8,933.19 | 8,933.19 | 172,300.00 | (163,366.81) | 5.18% |
| 2.J.4j · Efforts to Avoid MBTA Non-Compliance | - | - | 40,000.00 | (40,000.00) | 0.00% |
| 2.J.4 · IM/RCRA Support | 138,422.28 | 138,422.28 | 2,232,500.00 | (2,094,077.72) | 6.20% |
| 2.J.5 · Design Management/Execution | | | | | |
| 2.J.5a · Management/IM Development | 66,773.26 | 66,773.26 | 340,000.00 | (273,226.74) | 19.64% |
| 2.J.5b · Schedule | 169.29 | 169.29 | 41,700.00 | (41,530.71) | 0.41% |
| 2.J.5c · Financial Affairs and Reporting | 8,666.92 | 8,666.92 | 57,800.00 | (49,133.08) | 14.99% |
| 2.J.5d · Sub-contracting | 1,414.37 | 1,414.37 | 21,600.00 | (20,185.63) | 6.55% |
| 2.J.5f · Direct Expenses | 2,043.52 | 2,043.52 | 26,000.00 | (23,956.48) | 7.86% |
| 2.J.5h · Project Insurance Premium | 88,538.64 | 88,538.64 | 89,000.00 | (461.36) | 99.48% |
| 2.J.5j · IM Operations and Support | 27,205.78 | 27,205.78 | 93,100.00 | (65,894.22) | 29.22% |
| 2.J.5 · Design Management/Execution | 194,811.78 | 194,811.78 | 669,200.00 | (474,388.22) | 29.11% |
| Total 2.J · RCRA Corrective Action Implementation | 333,234.06 | 333,234.06 | 3,072,450.00 | (2,739,215.94) | 10.85% |
| 2.K · Documents & Records | | | | | |
| 2.K.1 · System Set-Up | - | - | 21,300.00 | (21,300.00) | 0.00% |
| 2.K.2 · System Maintenance | 873.52 | 873.52 | 18,000.00 | (17,126.48) | 4.85% |
| Total 2.K · Documents & Records | 873.52 | 873.52 | 39,300.00 | (38,426.48) | 2.22% |
| 2.M · CERCLA Compliance | 117,036.49 | 117,036.49 | 232,600.00 | (115,563.51) | 50.32% |
| 2.N · Financial Affairs | | | | | |
| 2.N.1 · Financial Affairs-CPA | 7,578.26 | 7,578.26 | 45,000.00 | (37,421.74) | 16.84% |
| Total 2.N · Financial Affairs | 7,578.26 | 7,578.26 | 45,000.00 | (37,421.74) | 16.84% |
| 2.O · Redevelopment | | | | | |
| 2.O.1 · Redevelopment Plans & Studies | - | - | 5,000.00 | (5,000.00) | 0.00% |
| 2.O.2 · Redevelopment Support | - | - | 5,000.00 | (5,000.00) | 0.00% |
| 2.O.3 · Redevelopment Issues | - | - | 5,000.00 | (5,000.00) | 0.00% |
| Total 2.O · Redevelopment | - | - | 15,000.00 | (15,000.00) | 0.00% |

Montana Environmental Custodial Trust
East Helena Clean-up Account
STATEMENT OF ACTIVITIES
For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget* | Variance | Percentage of Budget |
|--|------------------|------------------|---------------------|-------------------|-------------------------|
| 2.P · Community Relations | | | | | |
| 2.P.1 · General Meetings | - | - | 3,000.00 | (3,000.00) | 0.00% |
| 2.P.2 · RCRA Annual Public Meeting | 1,477.31 | 1,477.31 | 3,000.00 | (1,522.69) | 49.24% |
| 2.P.3 · East Helena Website | 2,682.50 | 2,682.50 | 7,500.00 | (4,817.50) | 35.77% |
| 2.P.5 · Other Community Relations | - | - | 35,000.00 | (35,000.00) | 0.00% |
| Total 2.P · Community Relations | 4,159.81 | 4,159.81 | 48,500.00 | (44,340.19) | 8.58% |
| 2.R · Legal Support | | | | | |
| 2.R.1 · Outside Counsel Fees & Expenses | 1,164.50 | 1,164.50 | 30,000.00 | (28,835.50) | 3.88% |
| 2.R.2 · In-House Legal Services | 11,639.75 | 11,639.75 | 82,100.00 | (70,460.25) | 14.18% |
| Total 2.R · Legal Support Total | 12,804.25 | 12,804.25 | 112,100.00 | (99,295.75) | 11.42% |
| 2.T · Trustee Management & Support | | | | | |
| 2.T.4 · GW and PPC Project Management | 16,810.51 | 16,810.51 | 81,900.00 | (65,089.49) | 20.53% |
| 2.T.6 · Compliance Manager | 4,816.98 | 4,816.98 | 56,100.00 | (51,283.02) | 8.59% |
| 2.T.7 · Operations Manager | 34,286.00 | 34,286.00 | 98,600.00 | (64,314.00) | 34.77% |
| 2.T.8 · Operations Support Specialist | 2,681.25 | 2,681.25 | 36,000.00 | (33,318.75) | 7.45% |
| 2.T.9 · Project Controls/Fin Affairs Coordinator | 15,893.25 | 15,893.25 | 153,900.00 | (138,006.75) | 10.33% |
| 2.T.11 · Trustee Mgmt. EH Clean Up | 47,402.25 | 47,402.25 | 379,400.00 | (331,997.75) | 12.49% |
| 2.T.12 · Trustee Land Use & Re-use | 3,481.00 | 3,481.00 | 49,100.00 | (45,619.00) | 7.09% |
| 2.T.13 · Trustee Travel and Directs | 5,386.61 | 5,386.61 | 35,000.00 | (29,613.39) | 15.39% |
| Total 2.T · Trustee Management & Support Total | 130,757.85 | 130,757.85 | 890,000.00 | (759,242.15) | 14.69% |
| Total 2016 East Helena expenses | 653,469.12 | 653,469.12 | \$ 4,989,350.00 | \$ (4,335,880.88) | 13.10% |
| 2015/2016 East Helena Construction expenses* | 1,292,850.08 | 1,292,850.08 | | | |
| Change in net assets | (1,340,069.57) | (1,340,069.57) | | | |
| Net assets, beginning of period | 60,717,301.90 | 60,717,301.90 | | | (1) |
| Net assets, end of period | \$ 59,377,232.33 | \$ 59,377,232.33 | | | |

*2015/2016 (two-year) approved budget; see detail on page 10

Montana Environmental Custodial Trust
Summary East Helena Clean-up Account

SUMMARY STATEMENT OF ACTIVITIES

For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget | Variance | Percentage of Budget |
|--|-------------------------|------------------------------|------------------------|--------------------------|-------------------------|
| Revenues: | | | | | |
| Rental/Lease Income | \$ 91,400.00 | \$ 91,400.00 | | | |
| Investment activity, net of fees | (211,553.05) | (211,553.05) | | | |
| Unrealized gains (losses) | 726,402.68 | 726,402.68 | | | |
| Total revenues (losses) | 606,249.63 | 606,249.63 | | | |
| Expenses: | | | | | |
| 2.A · Water Treatment Plant | 14,902.90 | 14,902.90 | \$ 166,300.00 | \$ (151,397.10) | 8.96% |
| 2.B · General Site Operations | 30,807.91 | 30,807.91 | 210,900.00 | (180,092.09) | 14.61% |
| 2.C · Waste Disposal | 279.20 | 279.20 | 13,300.00 | (13,020.80) | 2.10% |
| 2.D · Slag Pile Reprocessing | - | - | 11,800.00 | (11,800.00) | 0.00% |
| 2.E · Tenants | - | - | 5,700.00 | (5,700.00) | 0.00% |
| 2.F · RCRA Compliance | 1,034.87 | 1,034.87 | 76,400.00 | (75,365.13) | 1.35% |
| 2.I · Risk Assessment | - | - | 50,000.00 | (50,000.00) | 0.00% |
| 2.J · RCRA Corrective Action Implementation | 333,234.06 | 333,234.06 | 3,072,450.00 | (2,739,215.94) | 10.85% |
| 2.K · Documents & Records | 873.52 | 873.52 | 39,300.00 | (38,426.48) | 2.22% |
| 2.M · CERCLA Compliance | 117,036.49 | 117,036.49 | 232,600.00 | (115,563.51) | 50.32% |
| 2.N · Financial Affairs | 7,578.26 | 7,578.26 | 45,000.00 | (37,421.74) | 16.84% |
| 2.O · Redevelopment | - | - | 15,000.00 | (15,000.00) | 0.00% |
| 2.P · Community Relations | 4,159.81 | 4,159.81 | 48,500.00 | (44,340.19) | 8.58% |
| 2.R · Legal Support | 12,804.25 | 12,804.25 | 112,100.00 | (99,295.75) | 11.42% |
| 2.T · Trustee Management & Staff | 130,757.85 | 130,757.85 | 890,000.00 | (759,242.15) | 14.69% |
| Total 2016 East Helena expenses | 653,469.12 | 653,469.12 | <u>\$ 4,989,350.00</u> | <u>\$ (4,335,880.88)</u> | 13.10% |
| 2015/2016 East Helena Construction expenses* | 1,292,850.08 | 1,292,850.08 | | | |
| Change in net assets | (1,340,069.57) | (1,340,069.57) | | | |
| Net assets, beginning of period | 60,717,301.90 | 60,717,301.90 ⁽¹⁾ | | | |
| Net assets, end of period | <u>\$ 59,377,232.33</u> | <u>\$ 59,377,232.33</u> | | | |

*2015/2016 (two-year) approved budget; see detail on page 10

Montana Environmental Custodial Trust
East Helena Clean-up Account
2015/2016 Construction Budget

STATEMENT OF ACTIVITIES

For the quarter and period ending March 31, 2016

| | <u>1st QTR 2016</u> | <u>2015/2016 Total</u> | <u>Approved Budget</u> | <u>Variance</u> | <u>Percentage of Budget</u> |
|--|------------------------|------------------------|-------------------------|---------------------------|-----------------------------|
| 2015/2016 Construction Expenses: | | | | | |
| 2.F · RCRA Compliance | | | | | |
| 2.F.7 · CAMU Leachate Treatment System | \$ - | \$ - | \$ - | \$ - | 0.00% |
| Total 2.F · RCRA Compliance | - | - | - | - | 0.00% |
| 2.J · RCRA Corrective Action Implementation | | | | | |
| 2.J.1 · South Plant Hydraulic Control IM | | | | | |
| 2.J.1b · SPHC IM Construction | 1,237,170.54 | 5,225,765.84 | 12,135,000.00 | (6,909,234.16) | 43.06% |
| 2.J.1 · SPHC IM Design & Construction | 1,237,170.54 | 5,225,765.84 | 12,135,000.00 | (6,909,234.16) | 43.06% |
| 2.J.2 · ET Cover System IM | | | | | |
| 2.J.2b · ET Cover IM Construction | 36,781.68 | 4,198,205.68 | 8,000,000.00 | (3,801,794.32) | 52.48% |
| 2.J.2 · ET Cover IM Design & Construction | 36,781.68 | 4,198,205.68 | 8,000,000.00 | (3,801,794.32) | 52.48% |
| 2.J.3 · Source Removal IM | | | | | |
| 2.J.3a · Source Removal Design | 18,479.95 | 23,895.65 | 50,000.00 | (26,104.35) | 47.79% |
| 2.J.3b · Source Removal Construction | 417.91 | 417.91 | 900,000.00 | (899,582.09) | 0.05% |
| 2.J.3 · Source Removal Design & Construction | 18,897.86 | 24,313.56 | 950,000.00 | (925,686.44) | 2.56% |
| 2015/2016 East Helena Construction Expenses | <u>\$ 1,292,850.08</u> | <u>\$ 9,448,285.08</u> | <u>\$ 21,085,000.00</u> | <u>\$ (11,636,714.92)</u> | <u>44.81%</u> |

Montana Environmental Custodial Trust
Mike Horse/UBMC Clean-up Account

STATEMENT OF FINANCIAL POSITION

As of March 31, 2016

ASSETS

Current assets

| | |
|-----------------------------|--------------|
| Cash, First Interstate Bank | \$ 29,558.97 |
| Prepaid expenses - DEQ | 5,986.06 |
| Due from other cost centers | <u>-</u> |
| Total current assets | 35,545.03 |

Investments, Pershing Advisory Solutions

5,602,906.73

Total assets

\$ 5,638,451.76

LIABILITIES AND NET ASSETS

Liabilities

| | |
|---------------------------|-----------------|
| Accounts payable | \$ 64,893.51 |
| Due to other cost centers | <u>1,151.98</u> |
| Total current liabilities | 66,045.49 |

Net assets

5,572,406.27

Total net assets and liabilities

\$ 5,638,451.76

Montana Environmental Custodial Trust
Mike Horse/UBMC Clean-up Account

STATEMENT OF ACTIVITIES

For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget | Variance | Percentage of Budget |
|---|-----------|-----------|--------------------|----------------|-------------------------|
| Revenues: | | | | | |
| Interest income - DEQ | \$ 10.37 | \$ 10.37 | | | |
| Investment income, net of fees | 8,746.58 | 8,746.58 | | | |
| Unrealized gains (losses) | 34,139.55 | 34,139.55 | | | |
| Total revenues (losses) | 42,896.50 | 42,896.50 | | | |
| Expenses: | | | | | |
| 4.1 MT DEQ Expenses | | | | | |
| 4.A Personnel (MT DEQ) | 4,371.84 | 4,371.84 | \$ 27,469.00 | \$ (23,097.16) | 15.92% |
| 4.DEQ Direct & Indirect Expenses | 1,028.82 | 1,028.82 | 7,676.00 | (6,647.18) | 13.40% |
| 4.1 Total MT DEQ Expenses | 5,400.66 | 5,400.66 | 35,145.00 | (29,744.34) | 15.37% |
| 4.2 Other Expenses | | | | | |
| 4.B Material, Supplies & Chemicals | | | | | |
| 1-62244 Chemicals | 14,735.17 | 14,735.17 | 74,500.00 | (59,764.83) | 19.78% |
| WTP Supplies | 27,587.03 | 27,587.03 | 46,100.00 | (18,512.97) | 59.84% |
| 4.B Material, Supplies & Chemicals | 42,322.20 | 42,322.20 | 120,600.00 | (78,277.80) | 35.09% |
| 4.C Operating Labor | | | | | |
| 1-62102-01 WTS/Trust Management and Oversight | 16,638.50 | 16,638.50 | 72,500.00 | (55,861.50) | 22.95% |
| 1-62102-02 GETG Trustee Oversight | 3,409.50 | 3,409.50 | 20,000.00 | (16,590.50) | 17.05% |
| 1-62102-22 WTP Technician/Operator | 31,392.00 | 31,392.00 | 140,000.00 | (108,608.00) | 22.42% |
| 1-62102-42 Hydrometrics Water Balance Study | 357.00 | 357.00 | 2,000.00 | (1,643.00) | 17.85% |
| 4.C Operating Labor | 51,797.00 | 51,797.00 | 234,500.00 | (182,703.00) | 22.09% |
| 4.D Other Professional Services/Labor (Routine) | | | | | |
| 1-62102-31 PLC & Instrumentation Service (MET) | 1,017.00 | 1,017.00 | 13,250.00 | (12,233.00) | 7.68% |
| 1-62102-41 Storm Water Regulatory Compliance | - | - | 1,500.00 | (1,500.00) | 0.00% |
| 1-62102-204 Health & Safety Compliance | - | - | 2,000.00 | (2,000.00) | 0.00% |
| 1-62891 Handyman Charges | - | - | 7,500.00 | (7,500.00) | 0.00% |
| 1-62102-51 Wipfli Accounting | 698.26 | 698.26 | 5,000.00 | (4,301.74) | 13.97% |
| 1-62243 Weed Control | - | - | 1,200.00 | (1,200.00) | 0.00% |
| 4.D Other Professional Services/Labor | 1,715.26 | 1,715.26 | 30,450.00 | (28,734.74) | 5.63% |

Montana Environmental Custodial Trust
Mike Horse/UBMC Clean-up Account

STATEMENT OF ACTIVITIES

For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget | Variance | Percentage of Budget |
|---|-----------|-----------|--------------------|-------------|-------------------------|
| 4.E WTP Operations - Analytical (Routine) | | | | | |
| 1-62106-01 Energy Lab Testing (O&M Samples) | 3,574.00 | 3,574.00 | 11,000.00 | (7,426.00) | 32.49% |
| 1-62106-02 Linda Tangen Data Validation (O&M) | 566.02 | 566.02 | 3,500.00 | (2,933.98) | 16.17% |
| 1-62106-03 Energy Lab Testing (Repositories) | - | - | 2,500.00 | (2,500.00) | 0.00% |
| 4.E WTP Operations - Analytical | 4,140.02 | 4,140.02 | 17,000.00 | (12,859.98) | 24.35% |
| 4.F WTP Operations - Utilities (Routine) | | | | | |
| 1-62186 Waste Disposal | 2,835.64 | 2,835.64 | 10,900.00 | (8,064.36) | 26.02% |
| 1-62371 Telephone | 1,077.59 | 1,077.59 | 6,200.00 | (5,122.41) | 17.38% |
| 1-62601 Electricity | 11,465.45 | 11,465.45 | 51,800.00 | (40,334.55) | 22.13% |
| 1-62605 Water & Sewage | 200.00 | 200.00 | 2,500.00 | (2,300.00) | 8.00% |
| 1-62606 Garbage & Trash | 390.30 | 390.30 | 1,800.00 | (1,409.70) | 21.68% |
| 1-62607 Propane | - | - | 16,300.00 | (16,300.00) | 0.00% |
| 4.F WTP Operations - Utilities | 15,968.98 | 15,968.98 | 89,500.00 | (73,531.02) | 17.84% |
| 4.H Projects & Construction | | | | | |
| 1-62102-01 Unforeseen Breakdowns and Repair Response | | | | | |
| Funds | 16,780.00 | 16,780.00 | 20,000.00 | (3,220.00) | 83.90% |
| 1-62102-52 UBMC Cell 7 Feasibility Study | - | - | 10,000.00 | (10,000.00) | 0.00% |
| 1-63113-03 Spare Parts | 50,513.53 | 50,513.53 | 58,000.00 | (7,486.47) | 87.09% |
| 1-63113-20 Finalize O&M Manual | - | - | - | - | 0.00% |
| 1-63113-31 Replace Bearings, Mechanical Seals & Laser Align | | | | | |
| CMF & CIP Pumps | - | - | 5,700.00 | (5,700.00) | 0.00% |
| 1-63113-32 Purchase replacement non-metallic Goulds CIP | | | | | |
| Pump | - | - | 18,600.00 | (18,600.00) | 0.00% |
| 1-63113-37 Upper Seep Expansion (Remediation Construction | | | | | |
| Cost Reimbursement) | - | - | - | - | 0.00% |
| 1-63113-38 Pretreatment Pond/Redundant Conveyance line | | | | | |
| Costs to Support CECRA Remediation | - | - | - | - | 0.00% |
| 1-63113-39 Cell 4 Reconstruction to Support MDEQ | | | | | |
| Construction | - | - | - | - | 0.00% |
| 1-63113-40 Remediation prep tasks | - | - | 24,800.00 | (24,800.00) | 0.00% |
| 1-62102-233 Building Repairs (Corrosion Damage) | - | - | - | - | 0.00% |
| 1-62102-44 Hydrometrics - Remediation Oversight (Upper Seep | | | | | |
| Expansion) | - | - | - | - | 0.00% |
| 1-62102-46 Hydrometrics - Remediation Oversight (MH | | | | | |
| Repository Removal) | - | - | - | - | 0.00% |
| 1-62102-45 Hydrometrics - Install Monitoring Well @ Carbonate | | | | | |
| Repository | - | - | - | - | 0.00% |

Montana Environmental Custodial Trust
Mike Horse/UBMC Clean-up Account

STATEMENT OF ACTIVITIES

For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget | Variance | Percentage of Budget |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------|
| 1-62102-47 Hydrometrics - Repair Two Monitoring Wells @ Carbonate Repository | - | | 1,000.00 | (1,000.00) | 0.00% |
| 1-63113-304 - Mike Horse Remediation Support | 1,698.50 | 1,698.50 | 9,480.00 | (7,781.50) | 17.92% |
| 1-63113-43 - Fabricate Bucket Decon Area for 924 Loader | 7,252.60 | 7,252.60 | 7,500.00 | (247.40) | 96.70% |
| 1-63113-46 - Install PLC Remote I/O and Ether Net Cable in Reagent Control Cabinet | - | - | - | - | 0.00% |
| 1-63113-47 - Purchase Replacement 17.5X25 Tires for 924 Loader | | | - | - | 0.00% |
| 4.H Projects & Construction | 76,244.63 | 76,244.63 | 155,080.00 | (78,835.37) | 49.16% |
| 4.2 Total Other Expenses | 192,188.09 | 192,188.09 | 647,130.00 | (454,941.91) | 29.70% |
| Total expenses | 197,588.75 | 197,588.75 | 682,275.00 | (484,686.25) | 28.96% |
| Change in net assets | (154,692.25) | (154,692.25) | <u>\$ (682,275.00)</u> | <u>\$ 484,686.25</u> | <u>22.67%</u> |
| Net assets, beginning of period | 5,727,098.52 | 5,727,098.52 | | | |
| Net assets, end of period | <u>\$ 5,572,406.27</u> | <u>\$ 5,572,406.27</u> | | | |

(1) 2015 net assets restated by \$975.00 for expenses incurred in 2015 but not received and recorded until after distribution of 4th quarter 2015 financial statements

Montana Environmental Custodial Trust

Black Pine Clean-up Account

STATEMENT OF FINANCIAL POSITION

As of March 31, 2016

| ASSETS | |
|--|--------------------------------|
| Current assets | |
| Cash, First Interstate Bank | \$ 15,103.12 |
| Money Market | 90,813.23 |
| Prepaid expenses - DEQ | <u>2,066,862.27</u> |
| Total current assets | 2,172,778.62 |
| Investments, Pershing Advisory Solutions | <u>13,582,847.28</u> |
| Total assets | <u><u>\$ 15,755,625.90</u></u> |
| LIABILITIES AND NET ASSETS | |
| Liabilities | |
| Accounts payable | \$ 2,663.74 |
| Due to other cost centers | <u>-</u> |
| Total current liabilities | 2,663.74 |
| Net assets | <u>15,752,962.16</u> |
| Total net assets and liabilities | <u><u>\$ 15,755,625.90</u></u> |

Montana Environmental Custodial Trust
Black Pine Clean-up Account
STATEMENT OF ACTIVITIES
For the quarter and period ending March 31, 2016

| | 1st QTR | YTD | Approved Budget | Variance | Percentage of Budget |
|--|------------------|------------------|-------------------|-----------------|----------------------|
| Revenues: | | | | | |
| Interest Income - DEQ | \$ 202.35 | \$ 202.35 | | | |
| Interest Income - MM | 22.63 | 22.63 | | | |
| Investment income, net of fees | 74,731.97 | 74,731.97 | | | |
| Unrealized gains (losses) | 94,898.00 | 94,898.00 | | | |
| Total revenues (losses) | 169,854.95 | 169,854.95 | | | |
| Expenses: | | | | | |
| 5.1 Costs Paid Directly by Trustee from Clean-up Account | | | | | |
| 2-2-01 Trustee Services/Expenses-Cox | 39.50 | 39.50 | \$ 1,000.00 | \$ (960.50) | 3.95% |
| 2-2-02 Trustee Services/Expenses-GETG | 1,163.25 | 1,163.25 | 5,000.00 | (3,836.75) | 23.27% |
| 2-2-03 Mine Maintenance/Security | 3,906.00 | 3,906.00 | 16,926.00 | (13,020.00) | 23.08% |
| 2-2-04 Generator Maintenance | - | - | 4,000.00 | (4,000.00) | 0.00% |
| 2-2-51 Accounting Services | 279.30 | 279.30 | 5,000.00 | (4,720.70) | 5.59% |
| 2-62401 Mileage | 435.54 | 435.54 | 2,350.60 | (1,915.06) | 18.53% |
| 2-62405 Snowmobile | 682.50 | 682.50 | 907.50 | (225.00) | 75.21% |
| 5.1.1 Utilities | | | | | |
| 2-62601 Electricity | 646.52 | 646.52 | 6,500.00 | (5,853.48) | 9.95% |
| 2-62607 Propane | - | - | 2,840.00 | (2,840.00) | 0.00% |
| 5.1.1 Utilities Total | 646.52 | 646.52 | 9,340.00 | (8,693.48) | 6.92% |
| 5.1 Trustee Costs Total | 7,152.61 | 7,152.61 | 44,524.10 | (37,371.49) | 16.06% |
| 5.2 DEQ Costs | 140,639.90 | 140,639.90 | (1) 6,828,248.89 | (6,687,608.99) | 2.06% |
| Total expenses | 147,792.51 | 147,792.51 | 6,872,772.99 | (6,724,980.48) | 2.15% |
| Change in net assets | 22,062.44 | 22,062.44 | \$ (6,872,772.99) | \$ 6,724,980.48 | -0.32% |
| Net assets, beginning of period | 15,730,899.72 | 15,730,899.72 | | | |
| Net assets, end of period | \$ 15,752,962.16 | \$ 15,752,962.16 | | | |

(1) See the supplemental schedule provided by the Montana Department of Environmental Quality for details of 5.2 DEQ Costs

| | Personnel | Fringe | Travel | Equipment | Supplies | Contractual | Construction | Other | Total Direct | Indirect | Totals | Amount Funded | Balance |
|---|---------------------|---------------------|---------------------|--------------------|-------------|----------------------|------------------------|--------------------|------------------------|---------------------|------------------------|------------------|-----------------|
| 2015 Budget request balance remaining | \$ 31,326.94 | \$ 6,499.48 | \$ 9,277.91 | \$ 5,000.00 | \$ (23.05) | \$ (11,721.30) | \$ 208,093.10 | \$ (344.75) | \$ 248,108.33 | \$ 24,142.19 | \$ 272,250.52 | | |
| Budget Request 2016 | \$ 92,041.00 | \$ 27,613.00 | \$ 13,850.00 | \$ 5,000.00 | | \$ 626,500.00 | \$ 6,003,000.00 | \$ 5,925.00 | \$ 6,773,929.00 | \$ 54,320.00 | \$ 6,828,249.00 | | |
| Jan-Mar 2016 | \$ 15,933.61 | \$ 5,535.01 | \$ 2,792.03 | \$ - | \$ - | \$ 72,412.25 | \$ 33,414.00 | \$ 1,689.03 | \$ 131,775.93 | \$ 8,863.97 | \$ 140,639.90 | \$ 202.35 | \$ 66,862.27 |
| Additional funding received March 2016 | | | | | | | | | | | | \$ 2,000,000.00 | \$ 2,066,862.27 |
| Apr-Jun 2016 | | | | | | | | | \$ - | | \$ - | | |
| July-Sep 2016 | | | | | | | | | \$ - | | \$ - | | |
| Oct-Dec 2016 | | | | | | | | | \$ - | | \$ - | | |
| Expenses 2016 | \$ 15,933.61 | \$ 5,535.01 | \$ 2,792.03 | \$ - | \$ - | \$ 72,412.25 | \$ 33,414.00 | \$ 1,689.03 | \$ 131,775.93 | \$ 8,863.97 | \$ 140,639.90 | | |
| 2016 Budget request balance remaining | \$ 76,107.39 | \$ 22,077.99 | \$ 11,057.97 | \$ 5,000.00 | \$ - | \$ 554,087.75 | \$ 5,969,586.00 | \$ 4,235.97 | \$ 6,642,153.07 | \$ 45,456.03 | \$ 6,687,609.10 | | |

Montana Environmental Custodial Trust
Iron Mountain Clean-up Account

STATEMENT OF FINANCIAL POSITION

As of March 31, 2016

| ASSETS | |
|--|------------------------|
| Current assets | |
| Cash | \$ 2,945.27 |
| Total current assets | - |
| Investments, Pershing Advisory Solutions | 2,006,368.22 |
| Total assets | <u>\$ 2,009,313.49</u> |
| | |
| LIABILITIES AND NET ASSETS | |
| Liabilities | |
| Accounts payable | \$ 1,409.00 |
| Net assets | 2,007,904.49 |
| Total net assets and liabilities | <u>\$ 2,009,313.49</u> |

Montana Environmental Custodial Trust
Iron Mountain Clean-up Account

STATEMENT OF ACTIVITIES

For the quarter and period ending March 31, 2016

| | YTD | Approved Budget | Variance | Percentage of Budget |
|---------------------------------|-----------------|--------------------|---------------|-------------------------|
| Revenues: | | | | |
| Investment income, net of fees | \$ 5,071.96 | | | |
| Unrealized gains (losses) | 14,234.95 | | | |
| Total revenues (losses) | 19,306.91 | | | |
| Expenses: | | | | |
| VI.A Clean-up Activities | | | | |
| VI.A.1 GETG Trustee Fees | 1,409.00 | \$ 6,192.00 | \$ (4,783.00) | 22.76% |
| VI.A.2 GETG/Trustee Expenses | - | 250.00 | (250.00) | 0.00% |
| VI.A Total Clean-up Activities | 1,409.00 | 6,442.00 | (5,033.00) | 21.87% |
| VI.C Legal Affairs | | | | |
| VI.C.1 Outside Counsel | - | 2,000.00 | (2,000.00) | 0.00% |
| VI.C Total Legal Affairs | - | 2,000.00 | (2,000.00) | 0.00% |
| VI.D Financial Affairs | | | | |
| VI.D.1 GHG Fees & Expenses | - | 1,800.00 | (1,800.00) | 0.00% |
| VI.D Total Financial Affairs | - | 1,800.00 | (1,800.00) | 0.00% |
| Total expenses | 1,409.00 | 10,242.00 | (8,833.00) | 13.76% |
| Change in net assets | 17,897.91 | \$ (10,242.00) | \$ 8,833.00 | -174.75% |
| Net assets, beginning of period | 1,990,006.58 | | | |
| Net assets, end of period | \$ 2,007,904.49 | | | |